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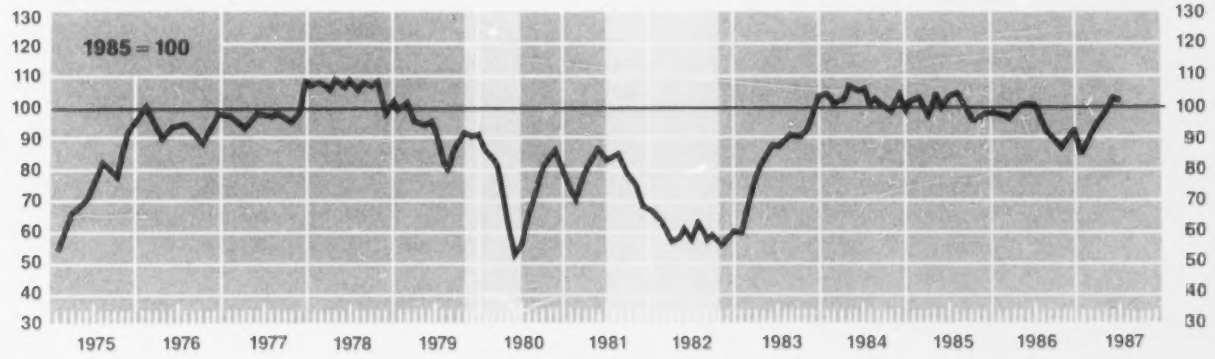
Consumer Attitudes and Buying Plans

A Monthly Report from The Conference Board
Based on a Survey Conducted by NFO Research, Inc.

Consumer Confidence Index

July, 1987



CONSUMER CONFIDENCE UNCHANGED BUT PLANS TO SPEND SOFTEN

The measure of consumer confidence continues to be strong. In June the Board's Confidence Index (1985 = 100) registered 102, off a statistically insignificant one point from last time. Buying plans, however, have softened.

In the latest survey, people were more positive than a month earlier in assessing the ongoing situation but they were less confident about the immediate future. On the question relating to present business conditions, a larger number of respondents than previously believe that they are "good", and there has also been an increase in those who report that jobs are "plentiful."

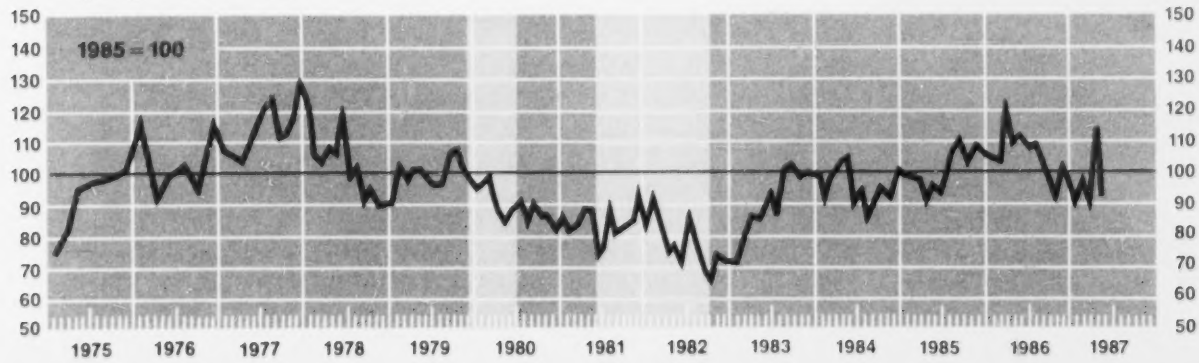
However, in their expectations of developments over the next six months, consumers are considerably less sanguine. The proportion of those that expect business conditions to improve has dropped to 19%, for a loss of some two points. Also, fewer people than last time expect job opportunities to improve.

Buying plans are down for all items included in the survey. Plans to buy a new car in the next six months were indicated by 7% of respondents, down from a prior 9 percent. There are also fewer intentions to purchase a home. Only 3.4% of respondents have such plans, down from 4.1 percent. Consumers also expressed less interest in acquiring a major appliance than a month earlier.

The consumer's increasing comfort with the ongoing conditions is consistent with recent economic statistics. The unemployment rate has declined more rapidly than had been expected, and an increase in the average length of the work week—generally an indication of more overtime—evidently also makes for greater confidence. But not as readily explained are the consumer's less optimistic expectations of developments over the next six months. A possible concern may be the recent rise in interest rates. Two-thirds of all respondents in the latest survey said they expected rates to increase, and a third of these believe they will rise substantially during the second half of the year. Still, the consumer's expectations had been improving steadily since the beginning of the year, and in this context, the decline in June is indecisive.

Fabian Linden

Buying Plans Index



All data seasonally adjusted

Consumer Expectations and Intentions

Based on surveys conducted by NFO Research, Inc.

Percentage of all households =100%

All series seasonally adjusted	1986 June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1987 Jan.	Feb.	Mar.	Apr.	May(r)	June(p)
Composite Series: Index Numbers, 1985 =100													
Consumer Confidence Index	100.0	97.5	91.7	89.7	85.8	89.7	91.2	85.4	91.6	[illegible]	97.4	103.0	102.0
Present Situation	100.4	99.3	91.4	90.3	85.4	86.7	94.7	85.0	91.5	[illegible]	92.7	99.1	101.3
Expectations	99.7	96.4	92.0	89.4	86.1	92.0	92.2	85.6	91.8	[illegible]	100.5	105.6	98.3
Buying Plans Index	111.3	107.2	108.7	105.3	98.8	94.0	104.6	98.8	97.1	99.1	99.5	111.4	97.6
Appraisal of Present Situation: Percent													
Business Conditions													
Good	28.4	26.2	23.9	24.9	23.9	23.8	24.7	20.9	24.8	24.0	23.3	25.2	28.8
Bad	22.5	22.8	24.8	26.9	26.9	27.0	25.1	28.1	26.1	26.4	24.7	24.6	22.7
Normal	49.1	51.0	51.3	48.2	49.2	49.2	50.2	51.0	49.1	49.6	52.0	50.2	48.5
Employment													
Jobs plentiful	20.5	21.6	19.8	19.8	18.4	18.7	20.9	19.6	20.8	21.9	20.5	21.9	24.8
Jobs not so plentiful	48.2	46.4	46.8	46.3	45.8	46.2	46.8	46.2	45.1	45.6	46.7	47.9	44.6
Jobs hard to get	31.3	32.0	33.4	33.9	35.8	35.1	32.3	34.2	34.1	32.5	32.8	30.2	30.6
Expectations for Six Months Hence: Percent													
Business Conditions													
Better	20.9	19.8	19.5	19.1	18.5	19.0	18.3	16.0	19.0	18.2	18.8	20.8	18.9
Worse	8.3	9.6	10.8	11.2	13.2	10.2	10.7	11.1	10.2	9.1	7.3	7.8	9.4
Same	70.8	70.6	69.7	69.7	68.3	70.8	71.0	72.9	70.8	72.7	73.9	71.4	71.7
Employment													
More jobs	16.7	15.9	15.6	15.6	14.3	15.4	14.8	12.6	14.7	14.9	16.5	17.7	16.2
Fewer jobs	17.1	18.5	19.7	20.9	21.5	19.6	18.4	19.0	19.7	15.6	15.6	14.1	16.0
Same	66.2	65.6	64.7	63.5	64.2	65.0	66.8	68.4	65.6	69.5	67.9	68.2	67.8
Income													
Increase	25.8	27.4	25.7	24.3	24.1	24.0	25.6	21.1	24.6	24.5	23.3	24.1	23.7
Decrease	8.4	8.0	9.3	9.8	8.9	8.8	8.6	8.4	8.3	8.1	8.3	6.6	7.5
Same	65.8	64.6	65.0	65.9	67.0	67.2	65.8	70.5	67.1	67.4	68.4	69.3	68.8
Plans to Buy Within Six Months: Percent													
Automobile													
Yes	9.6	9.2	8.9	8.6	7.8	7.6	7.9	7.4	7.8	7.5	7.2	9.0	6.9
New	5.3	5.0	5.1	4.8	4.4	3.8	4.6	3.4	4.0	4.0	4.3	4.2	3.2
Used	3.6	3.2	2.8	2.5	2.3	2.7	2.6	2.6	2.9	2.8	2.2	3.6	3.2
Uncertain	0.7	1.0	1.0	1.3	1.1	1.1	0.7	1.4	0.9	0.7	0.7	1.2	0.5
Home													
Yes	4.6	4.4	4.1	4.4	4.0	3.1	4.3	4.4	3.1	4.1	3.2	4.1	3.4
New	1.3	1.1	1.3	1.2	1.1	1.1	1.1	1.5	1.1	1.4	0.7	1.3	0.7
Lived in	2.0	2.2	1.9	2.1	1.7	1.6	2.1	1.9	1.3	2.0	1.7	1.8	1.6
Uncertain	1.3	1.1	0.9	1.1	1.2	0.4	1.1	1.0	0.7	0.7	0.8	1.0	1.1
Major appliances													
Total plans	28.2	28.3	32.2	28.4	28.3	28.7	30.8	28.5	29.1	29.1	27.4	36.3	29.0
Refrigerator	4.2	4.4	5.0	4.2	4.9	4.8	4.4	5.3	5.2	4.6	4.0	5.6	4.6
Washing machine	3.9	4.5	4.7	4.2	4.3	4.3	4.4	4.2	3.8	4.3	3.6	4.8	3.8
TV Set	7.2	7.5	7.4	7.2	6.7	6.9	7.8	6.8	7.7	7.1	6.5	9.2	7.4
Vacuum Cleaner	4.8	3.9	5.5	4.8	4.6	4.8	5.6	4.3	4.8	5.5	5.2	6.4	4.6
Range	2.9	2.8	3.2	3.0	3.0	3.2	3.2	3.0	2.8	2.5	3.3	3.9	2.9
Clothes dryer	3.4	3.5	3.6	3.4	3.2	3.4	3.7	3.3	3.3	3.7	3.0	4.1	3.6
Air conditioner	1.8	1.7	2.8	1.6	1.6	1.3	1.7	1.6	1.5	1.4	1.8	2.3	2.1
Carpet	7.5	6.6	7.4	7.2	7.4	6.9	7.7	7.7	7.0	8.2	6.0	10.0	7.2
Vacation Intended Within Six Months: Percent													
Vacation Intended	51.5		50.3		48.4		49.5		50.9		49.4		49.8
Destination													
Home state	11.7		11.1		9.2		10.1		11.5		10.2		9.8
Other state	36.1		35.4		34.4		34.0		35.2		34.2		35.7
Foreign country	5.4		6.0		6.3		6.6		5.9		6.8		6.6
Means of travel													
Automobile	33.8		31.4		28.8		30.3		33.2		29.8		30.9
Airplane	18.1		19.4		18.0		18.9		18.4		19.5		20.7
Other	3.9		3.8		4.0		3.7		4.3		4.6		3.8

(p)—preliminary (r)—revised

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